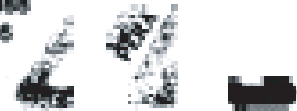


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July 20, 2004

The Honorable Gil Gutknecht
U.S. House of Representatives
425 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Gutknecht:

The Public Employees Retirement Association (PERA) of Minnesota is seeking your continued leadership in addressing the issues associated with the Healthcare Savings Accounts (HSA). As you are well aware, with the enactment of the 2003 Medicare Act, individuals over the age of 65 were not included for participation in the newly created accounts.

Important to our participants – 150,000 of whom are currently working local government employees and about 60,000 of whom receive monthly benefits from PERA – is ensuring not only a change in the Medicare Reform Act of 2003 to include the availability of the HSA to individuals over the age of 65, but also removing the language which ties Medicare ineligibility to HSA participation. HSA participation would provide a very modest way in which our over-age-65 retirees could defer taxes on some of their financial resources.

Our public safety retirees typically retire earlier than other public employees due to the physical and emotional stresses associated with their positions. Due to the earlier retirement, many begin paying their health insurance at younger ages, hoping to live out their retirement years without having to face financial difficulties. The HSA will help these early retirees until age 65, but as you know health care costs for those over the age of 65 are rising at a significant rate. Supplemental insurance to Medicare can cost a retired couple up to \$8,000 a year. Losing the availability of the HSA at age 65 will prove ever more burdensome to individuals on limited retirement incomes.

We strongly encourage you to work with other members of Congress and the Bush Administration to advance legislation that is fair to retirees of all ages.

Again, thank you for all of your support and the leadership you have demonstrated in enacting the HSA legislation thus far. We look forward to your continuing assistance in this battle for affordable health care.

Sincerely,

Mary Most Vanek
PERA Executive Director